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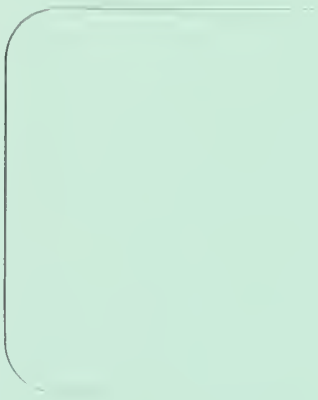

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Management Control in Social Organizations

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MANAGEMENT CONTROL

IN SOCIAL ORGANIZATIONS

While the concept of management control permeates the accounting literature, it is much less frequently encountered when applying accounting concepts to the specific case of social organizations. Since we intently believe in the importance of management control in a generalized accounting framework, it is desirable to consider its applicability for social organizations and any constraints that might impede the use of our traditional management control concepts in this environment. These are the intentions of this paper. The first part of the paper will discuss the concept of control, the concept of the social organization, and the ways in which social organizations are traditionally differentiated from other types of organizations. Subsequent sections of the paper will analyze the differences and commonalities between social and other classes of organizations and the resulting impact of these attributes in terms of the use and applicability of our traditional management control concepts in social organizations.

Concept of Control

No matter what kind of organization we consider, social or profit-seeking, the term organization connotes control. Control is an inevitable correlate of organization. Although control has been variously defined, we mean, "any process in which a person or group of persons or organization of persons determines, i.e., intentionally affects, the behavior of another person, group or organization."[1] This broad definition of control can be

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[1]Tannenbaum (1968), p. 5.

made more specific for our purposes by examining two aspects of control introduced by Anthony (1965), namely, management control and operational control.

Management control is "the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of organizational objectives."[2] According to Anthony this is a process carried on within a framework established by strategic planning, i.e., the process whereby objectives are established. Management control, therefore, is constrained by the overall long run organizational objectives and is basically concerned with goal congruence between actions managers take and the preferences of the set of individuals on whose behalf management is acting.

Operational control is "the process of assuring that specific tasks are carried out effectively and efficiently."[3] The focus here is on individual tasks or units, usually tasks or activities that are capable of being programmed. Just as management control takes place within the framework of strategic planning, operational control takes place within the framework of management control. The distinction between operational control and management control is perhaps best illustrated by an example. In the automobile industry, the control of the assembly of one particular car efficiently is a problem of operational control. The question of the number of cars to produce or the average daily rate of production is a problem of management control.

Further insight to the control process is gained by examining the

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[2]Anthony (1965), p. 2.

[3]Anthony (1965), p. 7.

decision paradigm suggested by Thompson (1967).[4] The dimensions of the following figure represent beliefs concerning cause-effect relations (i.e., knowledge about the relationship between an action and its outcomes) and preferences for outcomes (i.e., a preference function or preference ordering

		Preferences for Outcomes: Certain	Preferences for Outcomes: Uncertain
Beliefs about Cause/Effect Relations	Certain	I	II
	Uncertain	III	III

of the possible outcomes). These dimensions are viewed as continua but for illustrative purposes only the extremes, designated certain and uncertain, are considered. Doing so provides a 2 x 2 paradigm outlining possible decision strategies.

In cell I cause-effect relations and preferences are both certain. In this situation we have a computational strategy or a programmable decision. This is the area where operational control can be employed. The major decision and control problems are data problems--full, accurate and timely information is crucial. In cell II a compromise strategy seems appropriate. A good example of this is in prisons where therapeutic and custodial objectives have to mesh. Although achieving either goal independently is relatively straight forward, trying to satisfy both simultaneously creates problems. The outcome is usually some compromise which may be achieved first by emphasizing one goal and then the other. Judgemental strategies for decision making are appropriate in cell III. Although it may be quite clear what objectives are to be attained, the exact course to attain these

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[4] Thompson (1967).

objectives is uncertain. For example, increasing profits in a corporation may be desired result, but exactly how to achieve this end (e.g., reducing costs, increasing revenues, extracting more from present markets or moving into new markets, etc.) requires the exercise of judgement. This cell, as well as cell II, seems to be the area of management control, although we might point out here that the two cells may require different techniques to achieve control. Finally, the fourth cell calls for an inspirational strategy in decision making. How to analyze or control decision making in this area, if not impossible, is not obvious.

A distinguishing characteristic of managerial control as compared with operational control relates to the underlying activities being controlled. Managerial activities typically involve decision processes requiring substantial degrees of subjective decision-making. The complexity of this control process increases as the organization grows in size and employs managers with multiple loyalties and movitations. Given the attention paid managerial control in the private sector, the complexity of the environment in which managerial control systems must be devised, the importance of managerial control in achieving long-term organizational objectives, and the rapid increase in the number and size of social organizations within our society, it is appropriate that the applicability of our traditional managerial control concepts be examined in the context of social organizations.

The Social Organization

The term "social organization" is an inclusive term describing all purposeful organizations that cannot be classed as privately owned for-profit organizations. It includes governmental units, private charitable organizations,

private not-for-profit hospitals and educational organizations, and not-for-profit museums and cultural organizations among others. Whether the application of management control concepts in social organizations is in any way distinct from its application in other organizations evolves into the consideration of the difference, if any, between this type of organization and the private, for-profit organization with which we customarily deal. While the literature identifies a number of characteristics by which we may differentiate these two classes of organizations, a careful examination of these attributes reveals that they fail to be generalizable when examined in the context of the entire scope of those entities classified as social organizations.

When differentiating social organizations from private, for-profit organizations, at least six major distinctions are normally drawn. These are 1) the contrast between profit seeking organizations and those organizations operating upon a not-for-profit basis, 2) our inability to systematically match revenue and costs in social organizations, 3) the contrast between market and non-market organizations, 4) the lack of quantifiable or measurable output within social organization and our resulting inability to match revenue with the benefits produced, 5) the additional legal constraints governing the operation and control of social organizations in contrast to those applying to private, for-profit organizations, and 6) the multitude of objectives, on the one hand, the the lack of articulated objectives, on the other hand, within many social organizations.[5] The balance of this section of the paper will demonstrate that none of these distinctions are uniformally valid when contrasting social organizations with

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[5]In varying combinations, these distinctions have been widely used in the literature. For example, see Lynn (1974), p. 3; May (1975), p. 58; Anthony (1975), p. 34; and American Accounting Association (1975), p. 17.

private, for-profit organizations.

The existence of a profit motive or the lack of a profit motive has traditionally been used to contrast private firms operating for a profit with other types of organizations. While many social organizations do in fact operate upon a not-for-profit basis, the use of profit to distinguish social organizations from other organizations fails in at least two respects. First, though they may enjoy tax and other governmentally dictated advantages, social organizations such as turnpike authorities, publicly owned utilities, parking authorities, convention center authorities, and a wide variety of others are in fact operated upon a profit-making basis. Second, there are a significant group of social organizations, such as hospitals and airports, that internally finance their own capital expansion through the use of reserve accounts while continuing to report no profit. As a consequence of these numerous exceptions, distinguishing social and other types of organizations upon the basis of whether profit is generated is simply inappropriate.

While our lack of ability to systematically match revenue and cost serves to distinguish some social organizations from the majority of profit seeking organizations, here again, the distinction is far from generalizable and in fact breaks down in two directions. A typical profit seeking firm sells a specific product, whether manufactured or in resale, for a stated sum. In this situation there is an established relationship between the revenue received and the direct cost of making or acquiring the product. At the other extreme we have the social organization, such as the park district, which receives the bulk of its "revenue" from taxes and spends this revenue on a variety of non-revenue producing services such as park development and operation. In this later case we are missing our traditional ability to match revenues with costs. While such a contrast can be

drawn, other example run counter to the preceeding examples. Hospitals, publicly owned utilities, and turnpike authorities, are examples of social organizations that provide specific, identifiable services in return for stated charges. In some of these organizations, such as hospitals, identifying the benefits of such services remains a problem, but costs can quite adequately be matched with revenue in a fashion very similar to that found in for-profit organizations. Thus, the value of distinguishing social and other organizations upon the basis of our ability or lack of ability to match revenue with cost appears minimal.

Contrasting social organizations from profit-seeking organizations upon the basis of whether it is a market or non-market organization is largely a sematical distinction. This distinction has two implications. First, that social organizations do not have a market, and second, that social organizations operate within a monopolistic framework and thus are not subject to the pressures of a market economy.[6] In regard to these points, virtually any social organization serves both a defined market for its services and operates within a market environment. The market for an educational system can be defined in terms of the skills required by designated age groups within a defined geographic area. While some social organizations have been given absolute monopolies, many have not. A state educational system still competes with private educational institutions, whether parochial or not, and whether charitable or for-profit. Park districts compete with a wide group of potential leisure time pursuits and health care institutions clearly compete among themselves within the market for health care services. Even proprietary governmental

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[6]Still another way in which the market/non-market distinction is used is in the sense that revenues frequently accrue to social organizations in a manner not related to the market in which their goods and services are consumed. Pondy (1970).

organizations operate in the context of a social market and frequently do compete with other organizations fulfilling similar needs. Thus, the market discinction fails to differentiate so ial and provate, for-profit organizations

Certain social organizations such as police and fire departments, the court system, and those dealing in the areas of education and health care, frequently find it difficult to measure and quantify the output of their activity. This results in an inability to match revenue with the benefits received. Other social organizations such as public utilities, highway programs, and airport authorities produce rather tangible output and can, at least within limits, match revenue with the output that generates revenue. On the other hand, assertions that profit-seeking firms can uniformally measure and quantify their output are far from true. Many profit-seeking organizations including those providing professional services, consulting services, banking and financial services, insurance services and others, can quantify their output in only the most general fashion. As a consequence our ability or lack of ability to quantify the output of our social organizations does not appear to be satisfactory in terms of distinguishing social organizations from other organizations.

While some social organizations such as governmental units do operate within the constraints of legal controls more complex than those imposed in regard to profit-seeking firms, any generalizations in terms of differientiating these organizations from profit-seeking organizations upon this basis is far from satisfactory. The degree to which the legal constraints of social organizations vary from those placed upon profit-seeking organizations are not generalizable. There are significant differences between various types of social organizations, for example, as between governmental units and private charities, in terms of the degree of legal constraints under which they must

operate. Some social organizations, such as private charities, in all likelihood operate with the fewest legal constraints of any type of organization, whether social or profit-seeking. Finally, the legal constraints that apply to profit-seeking firms do not necessarily have universal application. Some, such as security regulations, apply only to a limited class of profit-seeking organizations, and thus, this basis for differentiating social and profit-seeking organizations is unsatisfactory.

The last of the traditional differentiations made concerning social and profit-seeking organizations focuses upon their alledged multiplicity of objectives on the one hand and their lack of formulated, articulated objectives on the other. Upon examination, neither of these characteristics appears to be generalizable. Many special purpose governmental organizations, whether they be drainage authorities, road districts, or others, have very specific, well-formulated objectives. While we may fail to do an adequate job of comparing their performance with their objectives, their objectives do exist. Whether we are talking about school districts, hospitals, police departments, or welfare organizations, objectives exist for most social organizations, though we may have failed to articulate them. Our inability or failure to measure the output and evaluate the efforts made toward fulfilling objectives should not be confused with a lack of the existence of objectives. In regard to the alledged multitude of objectives within social organizations, this problem most often arises in the context of governmental organizations and then arises more as a result of our failure to differentiate between primary and secondary governmental objectives and to articulate objectives in terms of specific governmental units and programs. Furthermore, most profit-seeking organizations themselves do not have a unidimensional profit objective but rather operate within the framework of multiple objectives which may or may not be

articulated. Since none of the traditional means of differentiating social and profit-seeking organizations is satisfactory, the balance of this paper will explore more novel ideas concerning the differentiation of these two classes of organizations and their implication concerning the use of managerial control.

The Decision Analysis Setting

One common feature of the organizations we are studying is the delegation of responsibility by some set of supra-actors (e.g. owners or boards of directors in profit oriented concerns; voters or other representatives in governmental organizations; contributors or boards of directors in charities, etc.) to a set of actors which may be referred to as the management of the organization. The central and recurring problem that arises is how to obtain goal congruence between these actors who have accepted the delegated responsibility and those actors who have delegated the responsibility.

The traditional answers to this problem come from two major disciplines--economics and psychology. From economics, we are given the idea of the rational man attempting to maximize the expected returns of the organization From psychology we obtain the theories on motivation with their strongly non-rational (in terms of the economic man) flavour. The former is normative while the latter is descriptive. The intent of this section is to introduce the notion of risk-sharing, which has its foundations in both disciplines, and to demonstrate its applicability for the analysis of management control strategies in the organizations under discussion.

One paradigm within which to view risk-sharing is a decision framework where the actors share in the returns they jointly produce. This framework is the familiar state, act, outcome representation presented by Savage (1954). Some act, $a \in A$, must be selected. Exactly what outcome, denoted

$x \varepsilon X$, will follow the selection of a particular act is unknown. This uncertainty is encoded in a state variable denoted $s \varepsilon S$. Thus $x = \rho(s,a)$ represents the outcome from choosing act a and state s being revealed. Given the state and action domains, the outcome, the probability assessments of the actor over the states, $\phi(s)$, and the utility function, $\mu(x)$, the preferred action choice of the individual, $a^* \varepsilon A$, is located by selection of the action choice associated with the maximum expected value of utility. That is:

$$E(\mu/a^*) = \underset{a \varepsilon A}{\text{Max}} \int u(\rho(s,a))\phi s \qquad (1)$$

We begin the analysis by taking a very simplified organizational setting and showing what is meant by risk-sharing in this setting.[7] The analysis is restricted to two actors, one, an owner, who has delegated responsibility for choosing an action to another, the manager. The manager is rewarded for his performance. The basic problem is how the manager should share the risks associated with acting in an uncertain environment, i.e., whether or not the reward function of the manager should be tied to the uncertain state. Again, for simplicity, we take the outcome as being simply monetary, i.e., net cash flows to the organization, and consequently, risk-sharing is operationalized in this setting as sharing rules for the uncertain net cash flows.[8]

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[7]The analysis here parallels one presented by Demski (1975). The interested reader is referred to the Demski paper for a complete understanding of the concept and of the Demski examples discussed subsequently.

[8]Although the setting here is quite narrow, the characterization of the utility function and the setting could obviously be expanded. The restricted setting is used as this is notationally convenient.

Let the organizational outcome, net cash flow, be denoted by x, the residual share of the owner as x_0, and the share of the manager as x_1. Let $I(\cdot)$ denote an incentive or reward scheme dependent upon the actual state, s, the actual monetary return generated, x, and the action, a, the manager selects. Then the monetary renumeration of the manager, x_1, is given by $x_1 = I(x,s,a)$. Similarly, the monetary return to the owner is reduced by the amount paid to the manager; $x_0 = x - x_1$. Hence, for a specific incentive scheme, the manager's action is determined by:

$$E(\mu/I,a^*) = \underset{a\in A}{\text{Max}} \int s\, \mu_1(I(\rho(s,a),s,a))\phi,(s) \qquad (2)$$

where $\mu_1(x)$ denotes his utility function and $\phi_1(s)$ his state probability assessment.

Notice, that the owner cannot affect $\mu_1(x)$ or $\phi_1(s)$. However, since the owner does select the incentive scheme (function) and since the solution to equation (2) provides a functional relationship between the action choice of the manager and various incentive schemes (i.e., $a = f(I)$), the owner's problem can be formulated as:

$$E(\mu_o/I) = I^{\text{Max}}_{(\cdot)} \int_S \mu_o(\rho(s,f(I) - I(s,a))\phi_o s \qquad (3)$$

where $\mu_o(x)$ denotes his utility function and $\phi_o(s)$ his state probability assessments.

Demski (1975) has shown how by altering the incentive scheme the owner can change the expected utility of both himself and the manager and, therefore, the action of the manager. This demonstrates that the owner can manipulate the amount of risk each is willing to bear by manipulating the incentive scheme.[9] This is illustrated by Demski in the following simplified example. Consider a two person contracting organization (owner and manager)

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[9]That this, in general, can be done is obvious from the formulation above.

whose net cash flow is generated according to the equation $x = 1-2s - a - 2(s-a)$ where,

(i) $(1+2s)$ = the uncertain cash flows generated from a fixed contract,

(ii) s = the uncertain capacity demanded by the contractor under the contract,

(iii) a = the cost of providing the capacity of the contractor at \$1 per unit

(iv) $2(s-a)$ = the cost associated with an incorrect capacity decision but only where $a < s$.

Consider now two incentive schemes, one where the manager receives 40% of the expected net cash flows (here the manager is protected from the demand risk) and the other where the manager receives 42% of the actual net cash flows (here the manager shares in the demand risk). In the first case the manager's expected utility $E\mu_1(x) = .7071$ and the owner's expected utility $E\mu_0(x) = .8333$.[10] In the second case $E\mu_1(x) = .7183$ and $E\mu_0(x) = .8441$. Both players have increased their expected utility by shifting some of the risk (and expected return) from the owner to the manager. This illustrates what we mean by risk sharing with the incentive scheme representing the sharing rule.

The formulation above was predicated upon the idea that the reward function of the manager was dependent upon the action he selected, the actual state that occurred, and the actual return generated. Now consider the same general model except that the manager will receive simply a lump sum payment, L. That is, his reward is independent of the act selected, the actual state, and the return generated. The managers rather trivial

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[10]Both owner and manager have identical power ($x^{\frac{1}{2}}$) utility functions.

decision problem is now:

$$E(\mu_1/a^*) = \underset{a\varepsilon A}{\text{Max}} \int_S \mu_1(L)\phi_o s = \mu_1(L) \tag{4}$$

On the other hand, the decision problem of the owner is:

$$E(\mu_o/L) = \underset{L}{\text{Max}} \int_S \int_a (\rho(s,a) - L)\phi_o s\phi_o a \tag{5}$$

Notice again that the owner cannot affect $\mu_1(x)$ or $\phi_1(s)$. However, unlike the first formulation, the solution to equation (4) does not constrain the action choice of the manager. That is, there is no functional relationship between the incentive scheme (say, various levels of L) and the action choice of the manager.[11] This complicates substantially the control problem of the owner for it eliminates one important mechanism--that of risk-sharing.

The essence of risk-sharing is shown in the first formulation. In that formulation, the manager shares in the uncertainty attached to the outcomes. His reward is structured so that it depends upon an uncertain occurrence. That is, for a price (reward) the manager will share the risk associated with the uncertain outcome. This, therefore, constrains him to certain maximizing actions. (In the Demski (1975) example to the action a = .45.) Notice that the owner has in effect induced certain actions (i.e., to take a = .45) by appropriately structuring the reward function. Analytically, this enables the owner to derive his own E (Uo) from investing in the organization and provides some basis for posterior evaluations. In the second formulation (equations 4 and 5), the reward of the manager is independent of both states and actions, i.e., is independent of the outcomes. Here the manager shares none of the outcome uncertainty. Consequently, he is constrained to no particular action.

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[11] Technically, our formulations are single period models that may not hold for multiple periods unless there are some contextual constraints which essentially convert the multi-period situation to a series of independent single period problems.

In summary, in the first formulation the owner by choosing that reward scheme was able to induce the manager to take a certain action which was congruent with the preference function of the owner. In the second foundation the reward scheme does not induce any particular action (i.e., the action that would maximize the E (Uo) of the owner) although it would be possible for the manager to choose such an appropriate action. It would appear that risk-sharing is a sufficient condition for goal congruence although not a necessary condition. Having presented the basic risk-sharing formulation, the final section of the paper will access its implications in regard to utilizing traditional management control strategies in the context of social organizations.

The Use of Management Control Techniques in Social Organizations

Given the expectation that the goals of the organization and its managers will be in conflict, management control techniques become invaluable in our efforts to achieve goal congruence. Among the strategies we have designed for this purpose are performance evaluation, cost centers, responsibility accounting, and profit-sharing. While these strategies are multiple, one of their common characteristics is the assumption that some mechanism or form of risk-sharing exists between the organization and its managers. It is the ability to manipulate risk and returns, which is essential for the operationalization of our traditional management control strategies.

While numerous attempts have been made to apply our traditional management control strategies to social organizations or device substitutes for these traditional strategies for social organizations,[12] these attempts generally fail to recognize a fundamental difference between social and private,

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[12]For example, see King (1970) p. 43.

for-profit organizations. This difference relates to the relationship between the owner (superactor) and his managers and the resulting infeasibility of management control systems requiring risk-sharing. For a variety structural and behavioral reasons, social organizations generally find it difficult, if not impossible, to share risk between their owners and their managers and as a consequence, find traditional managerial control strategies of limited usefulness. These reasons will now be explored.

First, in many social organizations there is no mechanism to distribute risk. There is no profit; therefore, there is no reward to share between the actors and the superactor. Budgets are normally rigid with little budgeting discretion once the budget has been approved by the superactors or funding agencies outside the organization. Other than reserves for contingencies, there are seldom non-allocated funds that might be used to reward superior performance.

Second, in social organizations the relationship between the superactors and the managers is distinctly different from that which exists in most private, for-profit organizations. In charitable organizations the superactors are normally an unpaid, self-perpetuating, lay board with a limited stake in the performance of the organization. Managers represent continuity of the organization and are frequently immune from any substantial performance evaluation. In governmental organizations, the superactors are generally elected officials or political appointees. The manager is frequently insulated from any effective threat to his position by civil service. Even when civil service is not a factor, the rapid turnover at the "owers" level frequently protects the manager from both the evaluation of his performance and any threat to his job. Therefore, in the case of charities, there is little incentive to share risk between the owner and the manager, and in the

case of governmental organizations, structural impositions greatly limit the effectiveness of any attempt to share risks regardless of the inclination to do so by the owners.

Third, profit provides a means of evaluating individual performance relative to organizationally set goals and thus provides a means of operationalizing our traditional managerial control strategies. While it may be argued that profit measures but one organizational objective, over the longer term profit is an acceptable surrogate for most organizational objectives in private, for-profit organizations. Since profit does not exist or is not recognized in most social organizations, the very operationalization of most accepted managerial control techniques is greatly jeapordized. Partially as a consequence such organizations have focused upon cost and revenue analysis and numerous techniques, such as cost effectiveness analysis and PPBS, which emphasize the establishment of organizational objectives and periodic comparisons between these objectives and the performance of managers. A common failing of such strategies from a management control perspective remains the lack of any effective mechanism for transferring risk to the manager even if such strategies are successful in evaluating his performance. Even greater problems arise when attempting to use output measures to evaluate the performance of managers in social organizations. Adequate quantitative and qualitative output measures have simply not been developed for most social organizations whether they deal with health, education, or other governmental and social concerns.

Fourth, the federal government through its tax laws encourages risk-sharing based incentive schemes in private, for-profit organizations. The import of the tax law provisions concerning profit-sharing is to treat sums paid to employees in qualified profit-sharing plans as deductions to net

income resulting in a reduction in corporate taxes. For most corporations, this tax provision effectively means that 48% of the funds paid out in profit-sharing plans represent taxes forgone by the government.[13] While these provisions can undoubtedly be justified in economic and social terms, profit-sharing plans represent an ultimate mechanism for risk-sharing with no comparable incentive available in the context of social organizations.

Fifth, there are several behavioral implications that arise as a consequence of the difficulty of implimenting risk-sharing in social organizations and tend to reinforce both the difficulty of applying managerial control strategies based upon risk-sharing or developing alternative strategies for use within this environment. Among these are the expectation that social organizations will attract managers who are themselves extremely risk adverse. This expectation is reinforced by the nature of most social organizations, the nature of their managerial positions, and the environment in which they exist. The rewards for innovation are generally minimal in social organizations. Since the opportunity for personal gain is limited, social organizations are less likely to attract managers willing to take the risk required to achieve substantial economic gain.[14]

Summary

Whether or not there are risk-sharing mechanisms available to social organizations remains to be explored. However, we have argued that there are a priori grounds for believing that managerial control techniques

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[13]Profit-sharing amounts paid during the current year are deductible to the payer. Int. Rev. Code of 1954, §162 and 212. Profit-sharing amounts paid to a qualified pension, profit-sharing, or stock bonus plan are both deductible to the payer and deferred from taxation from the point of view of the recipient. Int. Rev. Code of 1954, §401,402,404, and 501. Stock options also receive favorable tax treat. Int. Rev. Code of 1954, §421-425.

[14]As a consequence of the lack of risk faced by managers of social organizations, lower compensation for management level employees may also result.

presently useful in private, for-profit organizations will be of limited usefulness in social organizations. The theoretical basis of this belief relates to the concept of risk-sharing.

When decisions require the exercise of judgment, companies or judgmental decision strategies are normally called for and the potential for conflict between the goals of the decision-maker and the organization arises. Traditional management control techniques attempt to alleviate goal conflict by adjusting the return shared by the organization and its managers. While many distinctions are made as between private, for-profit organizations and social organizations, the one meaningful distinction appears to be the difference in the nature of ownership as between these two types of organizations and its implication for utilizing management control techniques conceptually based upon the risk-sharing concept. Among the difficulties of using such control techniques in the environment of social organizations are 1) the lack of a mechanism to distribute risk, 2) the differences in the relationship between the superactors and the managers, 3) the lack of a means of evaluating individual performance, 4) the lack of an incentive compariable to that contained in the Federal tax law for private, for-profit organizations, and 5) the behavioral problems that arise as a consequence of the difficulty of implimenting risk-sharing strategies in social organizations.

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